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PART IIA

GOVERNMENT OF MEGHALAYA

ORDERS BY THE GOVERNOR

NOTIFICATION

Shillong, the 29th January, 2009

COMPOSITION SCHEME FOR WORKS CONTRACT.

No.ERTS(T)30/2003/151.—In exercise of the powers conferred by sub-section (4 A) of Section 17 of the Meghalaya Value Added Tax Act, 2003 (Meghalaya Act No. 2 of 2005), hereinafter referred to as the Act, the Governor of Meghalaya is hereby pleased to notify the “Composition Scheme for works contract” (hereinafter referred to as the “Scheme”) and permit a registered dealer of the State who executes works contract and whose annual turnover does not exceed Rs. 5.00 lakhs, to pay at his option, in lieu of the amount of tax, at the rate of four paise in every rupee of the total aggregate value of the works contract received or receivable by him, subject to the following conditions :-

Conditions :-

- (1) The dealer who elects to compound the tax for any year under this Scheme shall submit an application in the Format- WC-I appended to this scheme to the Prescribed Authority, within thirty days from the date of the commencement of the business of works contract, if he commences such business of works contract after the commencement of the Scheme:

Provided that the application in every subsequent year shall be filed by 30th April of such year:

Provided further that the Prescribed Authority having jurisdiction may, on sufficient cause and for reasons to be recorded in writing, condone the delay upto sixty days in respect of application not filed within the time stipulated in the Scheme.

- (2) The application shall be signed by a person competent to sign the application for registration under the Act.
- (3) (i) The concerned Prescribed Authority, after conducting such verification as may be necessary, may permit such dealer to pay in lieu of the amount of tax payable by him during the year, in respect of which such permission is granted, an amount by way of composition as provided in this Scheme.

(ii) Such permission for composition shall be granted within thirty days from the date of the receipt of the application for the year for which the composition is applied for. The permission shall be in Format WC-2 appended herewith and shall be valid for a particular year. Once the permission for composition is issued, the dealer during the composition period shall not be entitled to opt out of the Scheme for a part of the financial year.

(iii) The Prescribed Authority may cancel such permission in the following cases :-

- (d) if the dealer fails to pay tax or file the tax return, within the prescribed period;
- (e) if it appears to the Prescribed Authority that the dealer has suppressed the whole or a part of the turnover in the return filed by him or, if the return filed by the dealer appears to be incomplete or incorrect;
- (f) if the dealer contravenes any provisions of the Act or the Rules made thereunder.

- (iv) The cancellation of such permission shall be without prejudice to the action, penal or otherwise, for which such dealer shall be liable under the provisions of the Meghalaya Value Added Tax Act, 2003 (as amended) and the rules made thereunder.
- (4) Every person responsible for making any payment to any contractor under sub-section (1) and sub-section (2) of Section 106 of the Meghalaya Value Added Tax Act, 2003 (as amended) shall be supplied, with a copy of the permission issued by the Prescribed Authority with regard to the tax liability of the dealer who opts for payment of compounded tax under this Scheme and such person responsible for making any payment shall deduct tax at the rate of four percent from any amount paid to such dealer. All other provisions of Section 106 shall *mutatis mutandis* apply to this Scheme.
- (5) The dealer opting for this Scheme shall be eligible to make purchase of goods in the course of inter-State trade and commerce on the strength of declarations in Form 'C' prescribed under the Central Sales Tax (Registration and Turnover) Rules, 1957. The dealer shall also be eligible to make use of "permit" (Form 40) prescribed under the Meghalaya Value Added Tax Rules, 2005 for the purpose of importing the consignments of goods for being used in execution of works contract into Meghalaya.
- (6) The Government may, from time to time, notify the category of works contract for which the Scheme of payment of tax by composition shall not apply.
- (7) The dealer opting for composition of tax under this Scheme shall be subject to all other provisions of the Meghalaya Value Added Tax Act, 2003 (as amended) and rules made thereunder and the terms and conditions contained in this Scheme.
- (8) The option once exercised shall be final and cannot be revoked by the dealer during the year.
Further, a dealer who has been awarded more than one contract in the State, shall have to opt for making payment of tax by way of composition in respect of all the contracts.
- (9) Every dealer opting to pay tax by way of composition under this Scheme shall : -
(f) display his certificate at a prominent location in his main place of business ;
(g) pay tax, by way of composition, at the rate as notified by this Scheme;
(h) not issue any tax invoice;
(i) not receive any tax invoice; and
(j) not claim any input tax credit on his purchase(s).
- (10) Every dealer who has been granted permission by the Prescribed Authority under this Scheme shall be liable to make payment of tax under this Scheme monthly calculated at four percent of the payment receivable by him during the month for execution of the contract. The payment of tax so calculated shall be made after reducing therefrom the amount paid by the contractee on behalf of the dealer under Section ,106 for that month, on or before the twenty first day of the next month. The dealer shall furnish a tax return for each quarter in Format WC-3 appended herewith within twenty one days of the succeeding month from the date of expiry of each quarter. The dealer shall also furnish a consolidated annual return in the same Form to the Prescribed Authority within two months after the close of the year to which such return relates. The tax return shall be accompanied by proof of full payment of the tax due, in accordance with Rule 38 and the certificate of deduction of tax at source issued by the Contractee.
- (11) Any tax already paid by the dealer or deducted at source on account of the dealer under the Act during the year 2008-09 shall be adjusted against the composition amount payable.
- (12) The dealer shall also keep complete account of payments receivable by him for the execution of the contract and, the payments actually received by him.

This Scheme shall come into force with immediate effect.

J. LYNGDOH,
Secretary to the Govt. of Meghalaya,
Excise, Registration, Taxation and Stamps Department.

**COMPOSITION SCHEME FOR WORKS CONTRACT UNDER THE MEGHALAYA
VALUE ADDED TAX ACT, 2003
FORMAT – WC I**

Application for permission to pay composition amount.

To,

The Prescribed Authority,

I/We _____ (Status)

	holding	VAT	Registration
No _____	dated _____	carrying on business of executing works contracts in Meghalaya do hereby apply for permission to pay lump sum by way of composition of tax as per the provisions of the "Composition Scheme for works contract" framed under Section 17 (4A) of the Meghalaya Value Added Tax Act, 2003 (Meghalaya Act No. 2 of 2005).	

2. The nature of my/our business is of executing works contracts of the nature of _____

3. I/We opt to pay lump sum by way of composition in lieu of tax payable in respect of year ending on _____

4. I/We hereby undertake that I/We shall regularly file return in the prescribed Form and shall pay the amount of composition due accordingly to the provisions of the said Scheme.

5. I/We solemnly declare that the above statements are true to the best of my/our knowledge and belief.

Place _____

Signature _____

Date _____

Status _____

**COMPOSITION SCHEME FOR WORKS CONTRACT UNDER THE MEGHALAYA
VALUE ADDED TAX ACT, 2003 (MEGHALAYA ACT No.2 OF 2005)**

FORMAT – WC -2

Permission to pay Composition Amount.

Composition permission No..... Dated.....

This permission is hereby granted under the “Composition Scheme for Works Contract” subject to the provisions of the Meghalaya Value Added Tax Act, 2003 (Meghalaya Act No.2 of 2005) hereinafter referred to as “The Act” and Rules and also the conditions specified herein to M/s
Hereafter called “permission holder” who is a registered dealer holding certificate of VAT Registration No..... Dated.....

CONDITIONS

1. The permission shall be effective in respect of year ending on.....
2. The permission holder is authorized to pay lumpsum by way of composition in lieu of tax payable under the Act and Rules in regards thereto.
3. The permission holder shall regularly file return in the prescribed Form within the prescribed time limit.
4. The permission is final and irrecoverable.
5. This permission is liable to be suspended or cancelled if the permission holder contravenes any of the provisions of the Act, the Rules made thereunder or the conditions mentioned above.

Seal

Place.....

Signature.....

Date.....

Designation.....

**COMPOSITION SCHEME FOR WORKS CONTRACT UNDER THE MEGHALAYA
VALUE ADDED TAX ACT, 2003.
FORMAT – WC -3**

Form of return to be furnished by a Contractor opting for Composition Scheme.

**Return for the quarter ended on/Return for the year
ended on.....**

D	D	M	M	Y	Y	Y	Y

1. Dealers Identity

2. Details of execution of works contract and computation of lump sum payable

3. Details of tax deducted at source by the contractee(s) in respect of contracts in (2) above.

Name of the contractee	Treasury receipt No.	Date	Amount	Name of Treasury
(a)	(b)	(c)	(d)	(e)
Total				

Rs.

4. Tax Payable [12(g) – 3(d)]

5. Details of tax deposited

Sl No.	Name of Designated Bank where tax deposited or Bank on which DD/Pay order is drawn	Bank Challan/DD/PO			
		Type of instrument	No	Date	Amount
	Excess paid brought forward from last return				
	Total				

Date :

[Signature of Authorised Person].

6. Value of goods purchased in the State from VAT dealers (enclose list)

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7. Value of goods purchased in the course of inter-State trade (enclosed list)

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8. Value of goods imported into the State (enclose list).

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9. Account of forms

Sl No.	Type of Form	Opening stock at the beginning of the return period	Blank forms received or authenticated during the return period	Number of forms used during the return period	Aggregate amount of transactions for which forms used.
(1)	C				
(2)	Other Specify, if any.				

Declaration

I..... (name in CAPITAL), hereby, solemnly affirm that I am authorized to furnish this return and all its contents including tables, lists, statements, declarations, certificates and other documents appended to it or filed with it are true, correct and complete and nothing has been concealed therein.

Place :

Date :

[Signature].

Status: Tick whichever is applicable [Karta, proprietor, partner, director, president, secretary, manager, authorized officer]

.....
(For use in the office of the President Authority)

- (13) Date of data entry in Register/Computer:
 - (14) Signature of the official making the data entry:
(Affix stamp of name & designation)
 - (15) Signature of the President Authority with date:
(Affix stamp with & designation)
-

Acknowledgement

The undersigned acknowledges having received the original of this return on the date mentioned below:

- (1) Date of receipt of return
- (2) [Signature with stamp of name & designation
of receipt clerk]

They shall come into force